



U.S. FISH AND WILDLIFE SERVICE TRANSMITTAL SHEET

PART 260 FW 1	SUBJECT Financial Management Administrative Control of Funds	RELEASE NUMBER 407
FOR FURTHER INFORMATION CONTACT Division of Financial Mgt.		DATE September 30, 2002

EXPLANATION OF MATERIAL TRANSMITTED:

This chapter provides guidance on a Servicewide administrative control of funds system.


Deputy DIRECTOR

FILING INSTRUCTIONS:

Remove:

None

Insert:

260 FW 1, 09/30/02, FWM 407 (4 pages)

Chapter 1 Administrative Control of Funds

260 FW 1

1.1 What is the purpose of this policy? This policy establishes guidance on a Servicewide administrative control of funds system. This system ensures that we execute Service programs and expend funds in accordance with the intent of Congress; establishes an administrative control of funds that restricts obligations and expenditures against each appropriation or fund to the amount available; and places responsibility for any obligation and/or expenditure on the responsible individual.

1.2 To whom does this chapter apply? All organizations and funds within the Service are subject to the provisions of this policy unless specifically exempted.

1.3 What does this chapter cover? This policy:

A. Contains general information, terminology and requirements for the Service's funds control process.

B. Defines responsibilities of those involved in the budget execution process and requires that funds be used efficiently and effectively as intended by Congress.

C. Outlines the responsibilities of those charged with administrative control of funds.

D. Includes guidance on the requirements of the Service's financial management systems and reporting mechanisms necessary for compliance with the Department of the Interior, the Office of Management and Budget, and the Department of Treasury.

1.4 What is an administrative control of funds system? An administrative control of funds system enables the Service to control the use of funds appropriated, apportioned, allotted, and allocated in the execution of its mission. The goal is that funds are used only for the purposes authorized and that obligations and expenditures do not exceed the amounts authorized.

1.5 What is the difference between administrative control of funds and internal controls? Internal controls are often perceived as solely encompassing cash handling and inventory of Service-owned property, but administrative control of funds is a system that accomplishes the following:

A. Obligations and costs comply with applicable laws.

B. Budgetary resources are safeguarded against waste, loss, unauthorized use and misappropriation.

C. We properly record and account for revenues and expenditures so that reliable financial and statistical reports may be prepared and accountability may be maintained.

D. We carry out programs efficiently and effectively in accordance with applicable laws and management policy.

E. Individual responsibilities are identified for administrative control of funds.

1.6 What are the authorities for administrative control of funds?

A. The Antideficiency Act, as amended (31 U.S.C. 1341-42, 1349-51, 1511-1519) accomplishes two functions. First, it requires that an agency's funds are apportioned to prevent spending the entire appropriation in the first few months. Second, it prohibits any Federal employee from entering into contracts that exceed the enacted appropriation for a given year or purchase services and/or merchandise before appropriations are enacted.

B. The Budget and Accounting Act of 1921, as amended (31 U.S.C. 1101, 1104-1108, 3324) grants the President authority to prepare budgets for the Government requiring a uniform budgetary practice for all Executive agencies. The Act offers guidance on the required content of budget submissions to Congress. Section 3324 governs the advance of public money.

C. The Supplemental Appropriations Act of 1950 (31 U.S.C. 1501-1502) requires documentary evidence for Government obligations, but most importantly defines an obligation and the availability of funds to make outlays for such obligations.

D. The Budget and Accounting Procedures Act of 1950 (31 U.S.C. 1112, 1531, 3511-3512, 3524) requires all agencies to report and maintain standard accounting systems on fiscal, budget, and program information. Section 1531 outlines procedures for transfers between agencies.

E. Public Law 93-344, The Congressional Budget and Impoundment Control Act of 1974, (2 U.S.C. 681-688) establishes Senate and House committees on budget as well as the Congressional Budget Office (CBO), but is highlighted by creating the budgetary timetable for any fiscal year. Additional elements change the end of a fiscal year to September 30 and state that it will not be in order for either House of Congress to consider any bill which provides new advance spending authority unless provided for in appropriation Acts.

F. Public Law 97-255, The Federal Managers' Integrity Act of 1982 (31 U.S.C. 3512) amends the Accounting and Auditing Act of 1950 to require Federal agencies to establish internal accounting and administrative controls to prevent waste or misuse of agency funds or property and assure the accountability of assets.

G. Public Law 104-208, The Federal Financial Management Improvement Act of 1996 (31 U.S.C. 3512). Section 803 requires agencies to comply with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

H. Office of Management & Budget Circular A-11 offers instruction in budget execution. Guidance is offered on how to request apportionments (SF-132); how to report progress

Chapter 1 Administrative Control of Funds

260 FW 1

in carrying out spending plans (SF-133), and how to meet other budget execution requirements.

I. 328 DM 1-3 - Administrative Control of Funds offer guidance on budget execution and control of budgetary resources, as well as investigation and reporting requirements for the Antideficiency Act. These chapters require each bureau to develop its own directives establishing basic funds control principles and policies to:

(1) Fix responsibility for the creation of any obligation or the making of any expenditure in excess of an appropriation, statutory limitation, apportionment, reappportionment, allotment or suballotment and any other administration subdivision pursuant to provisions of the Antideficiency Act.

(2) Ensure that programs are executed and funds expended in accordance with the intent of the Congress in enacting authorizations.

(3) Restrict obligations and expenditures against each appropriation or fund to the amount available.

(4) Require appropriations to be apportioned.

(5) Restrict obligations and expenditures to the amount of approved apportionments or reappportionments made for each appropriation, and any allotment or suballotment.

J. Departmental Accounting Manual - Chapter 2 outlines the Department's policy on financial management, including budget execution and administrative control of funds.

1.7 Who is responsible for administrative control of funds?

A. The **Director** establishes and oversees the implementation of the Service's administrative control of funds policy and is charged with the overall responsibility for proper fund controls and reporting of violations of such controls.

B. The **Assistant Director for Business Management and Operations** is the Service's Chief Financial Officer. The Chief Financial Officer is responsible for proper fund controls and reporting of violations when obligations exceed funds allotted.

C. The **Assistant Director for Budget, Planning and Human Resources** ensures that allotments do not exceed the appropriation, apportionments, or other limitations.

D. The **Chief, Division of Financial Management** is responsible for:

(1) Working with the Division of Budget to ensure that allotments and allocations are entered at the approved allotment amounts in the automated administrative accounting system, the Federal Financial System (FFS).

(2) Establishing appropriate fund accounts to track obligations and expenditures.

(3) Preparing automated fund control reports to report obligations and expenditures in excess of allotments, suballotments, or other limitations.

E. The **Chief, Division of Budget** is responsible for:

(1) Monitoring proper execution of the Service's budget.

(2) Preparing requests for apportionments and reappportionments.

(3) Preparing allotment advices in the amounts designated by appropriation, rescissions, reprogramming, deferrals, and apportionments.

(4) Preparing and distributing Regional allocations of funds in the Budget Allocation System (BAS). The Division of Budget ensures that amounts allotted and allocated do not exceed apportionments.

1.8 What is the difference between an appropriation, apportionment, and allotment?

A. Appropriation. An act of Congress that provides legal authority and period of availability for Federal agencies to incur obligations and to make payments out of Treasury for specific purposes.

B. Apportionment. The action by which OMB distributes amounts available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account. An apportionment divides amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof. The apportionment limits the amount of obligations that may be incurred.

C. Allotment. An authorization (or further legal subdivision) by either the agency head or another authorized employee to his/her subordinates to incur obligations within a specified amount. Each agency makes allotments pursuant to specific procedures it establishes within the general requirements stated in OMB Circular A-11. The incurring of obligations in excess of the amount specified in an allotment is a violation of the Antideficiency Act.

1.9 What is an allocation (suballotment)?

A. An allocation is a further subdivision of an allotment. The Service issues allocations through the Budget Allocation System (BAS) to individuals responsible for programs and organizations as a means of authorizing the incurring of obligations and expenditures. A suballotment also serves to identify the individuals organizationally responsible for ensuring that obligations and expenditures are properly recorded and do not exceed authorized amounts.

B. An allocation provides funding limits in greater detail than the allotments. Specific levels of authority are offered to implement the allocation of funds by subactivity.

Chapter 1 Administrative Control of Funds

260 FW 1

C. Allocation authority may not exceed apportionments or allotments.

D. An obligation and/or expenditure in excess of an allocation is not a statutory violation of the Antideficiency Act unless it causes an allotment or appropriation to be exceeded. However, these instances may subject the responsible individual to administrative discipline.

E. It is the responsibility of Directorate members to fix accountability and establish such supplemental controls, as necessary, within their programs and organizations to meet their fund control responsibilities.

1.10 Who is responsible for apportionments?

A. The **Assistant Director - Budget, Planning and Human Resources** has the primary responsibility to submit apportionment or reapportionment requests to the Office of Budget for approval and transmittal to OMB.

B. The **Division of Budget** is responsible for proper completion of apportionment requests.

1.11 Who is responsible for allotments?

A. The **Director** authorizes allotments to the allottee, the Assistant Director - Business Management and Operations, who is responsible for certifying that allocation authority is within the allotment.

B. The **Assistant Director - Business Management and Operations**, as the Service's Chief Financial Officer, ensures that allotments do not exceed the appropriation, apportionments, or other limitations.

C. The **Chief, Division of Budget** prepares requests for apportionments and reapportionments as well as allotments in the amounts designated by appropriation, rescissions, reprogramming, deferrals, and apportionments. The Division of Budget also prepares and distributes Regional allocations of funds in the BAS, ensuring that amounts allotted and allocated do not exceed apportionments.

D. The **Chief, Division of Financial Management** is responsible for ensuring that the Service's accounting system supports the Service's administrative control of funds. This includes, but is not limited to, establishing appropriate activities, subactivities, projects, and/or other accounting mechanisms to accurately record and report financial transactions in FFS. The Division of Financial Management also monitors fund control reports to ensure obligations and expenditures are not in excess of allocations, allotments, or other limitations.

1.12 What is an allottee and what are the responsibilities of the allottee?

A. The allottee is legally responsible for ensuring that amounts distributed as administrative subdivisions of Service

allotments do not exceed amounts appropriated, apportioned, and allotted, and that obligations or expenditures do not exceed allotments.

B. The Service's system of administrative control of funds is based upon the single allottee concept whereby a single Service official is delegated legal responsibility for administrative control over all appropriations and funds made available to the Service.

C. The allottee must work with the Divisions of Budget and Financial Management and the Directorate to ensure that at no time funds are used improperly or in excess of appropriations, apportionments, allotments and allocations.

1.13 What are the individual responsibilities of members of the Directorate in administrative control of funds?

A. The **Director** assigns legal responsibility for all the Service's funds to the Assistant Director - Business Management and Operations, who serves as the Service's Chief Financial Officer and allottee.

B. **Members of the Directorate (Washington Office and Regional)** are administratively responsible for ensuring that obligations and expenditures do not exceed approved subdivisions of allotments made available to execute programs and operate organizations.

C. The **Assistant Director - Business Management and Operations** ensures that members of the Directorate are charged with individual responsibility for any overobligation or any expenditure in excess of allotments or allocations.

1.14 How are responsible officials affected by the Antideficiency Act?

A. Limitations on responsible officials below the statutory level of allotments and suballotments are established for internal purposes only and are not subject to the statutory provisions of the Antideficiency Act. However, if this lower level limitation is exceeded, causing the overobligation or over expenditure of an allotment, then a *statutory* violation of the Antideficiency Act has occurred. (see section 1.13)

B. A nonstatutory violation of the Antideficiency Act occurs whenever an activity, subactivity and/or project allocation is overobligated or overexpended. NOTE A nonstatutory violation occurs for all accounts at the activity level. Wherever an amount is specifically appropriated to the subactivity or project level, a nonstatutory violation occurs at that level (this includes, but is not limited to, all construction and acquisition projects).

C. All nonstatutory violations appearing on the final closing balances will be reported. Prior to the close of the fiscal yearend, all nonstatutory violations must be corrected. Those violations that cannot be corrected will be reported.

Chapter 1 Administrative Control of Funds

260 FW 1

D. Nonstatutory violations will be reported by the Assistant Director - Business Management and Operations to the Director with recommendation of appropriate corrective action.

E. Recording errors are not violations themselves (see paragraph 1.16D).

1.15 What are the ramifications of a nonstatutory violation by a responsible official?

A. Upon verification that a nonstatutory violation has occurred, the Director may take appropriate disciplinary action, including the following:

- (1)** Letter of reprimand.
- (2)** Suspension from duty without pay.
- (3)** Removal from office.

B. Departmental policy (328 DM 1) states, "that the administrative discipline imposed by a bureau or office will be no less than a letter of reprimand for inclusion in the employee(s) personnel file or an explanation as to why no letter of reprimand is considered necessary." If a letter of reprimand is deemed unnecessary, the Director will direct a written explanation to be kept on file in the Division of Budget.

C. All Directorate members will have administrative fund control as a performance standard. Nonstatutory violations may be used as an indicator during the performance appraisal system.

1.16 What constitutes an Antideficiency Act violation and how are they reported?

A. The Act prohibits any Federal employee from:

- (1)** Entering into contracts that exceed the enacted appropriations for the year.
- (2)** Purchasing services and merchandise before appropriations are enacted.
- (3)** Obliging or expending more than the amount in the appropriation or fund or the amount apportioned or any other legal subdivision of funds.

B. An employee who knowingly and willfully violates the statute may be subject to criminal penalties, and, upon conviction may be fined not more than \$5,000 or imprisoned for not more than 2 years, or both.

C. Acceptance of voluntary services or employed personal services in excess of that authorized by law, constitutes an illegal augmentation of appropriations and is a violation of the 31 U.S.C. 1342, except in cases of emergency involving the safety of human life or the protection of property.

D. Recording errors are not violations themselves. The allottee is responsible for the correct balance, regardless of

accounting errors. Whether or not an antideficiency condition has occurred is based on corrected balance information. An error neither creates nor alleviates a violation.

E. The Division of Budget is responsible for reporting any violation of the Act as prescribed in 328 DM 1, Appendix 1(15), and Section 40 of OMB Circular A-11. The report must be coordinated with the Director and Chief Financial Officer.

1.17 What tools are used by the Service to administer administrative control of funds?

A. The Budget Allocation System (BAS) is an accessible system providing detailed information on the Service's allocation process. Final allocations and changes to allocations are prepared by program officials. The Division of Budget ensures such program allocations do not exceed maximum allotments.

B. The administrative fund control system is fully integrated with FFS. Apportionments, allotments, and control schedules are entered by the Division of Financial Management. Washington program and Regional staff are responsible for establishing office/project fund target amounts. Obligations and disbursements may then be entered in relation to these resources.

C. The Division of Financial Management is the managing authority of FFS, and is responsible for controlling access to implement an appropriate system of administrative control of funds.

D. It is the responsibility of the Divisions of Budget and Financial Management to coordinate to ensure that spending amounts from the BAS are transferred to FFS.